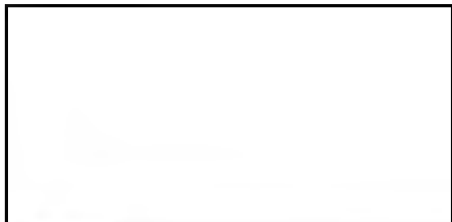


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CENTRAL INTELLIGENCE BULLETIN



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24 December 1963

CENTRAL INTELLIGENCE BULLETIN

CONTENTS

[REDACTED]

25X1

2. Brazil-Cuba: Goulart opposes collective OAS action against Cuba. (Page 2)
3. Dominican Republic: A move by the triumvirate to replace the cabinet could bring a political show-down. (Page 3)

[REDACTED]

25X1

5. Morocco: Hassan renews pressure for Western arms. (Page 5)
6. USSR--Resource Allocation: The 1964-65 economic plan. (Page 6)

[REDACTED]

25X1

Approved For Release 2003/05/16 : CIA-RDP79T00975A007400280001-9

25X1

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Brazil-Cuba: [President Goulart is strongly opposed to any collective action against Cuba by the OAS in connection with the recent discovery of Cuban arms in Venezuela.]

[Goulart has suggested to Ambassador Gordon that the Cuban problem could best be handled by a bilateral arrangement between the US and Venezuela, thereby avoiding OAS action. He indicated that while Brazil would respect its treaty obligations--including the implementation of sanctions voted by the OAS--he regards compulsory sanctions as "most undesirable."]]

[Earlier statements by Goulart and his foreign minister reflected uncertainty on what position Brazil would take should the matter come to a vote in the OAS. It is clear from these, however, that Brazil would be unwilling to engage in, or support the use of, armed action against the Castro regime. Nor is it likely that Brazil will actively support a move to break relations with Havana.]]

[In his conversation with Ambassador Gordon, Goulart attempted to justify his comments by citing a message which he said he received from Khrushchev concerning Cuba. According to Goulart, Khrushchev stated that the USSR had no desire for trouble in Cuba but could not fail to honor its commitments if Cuba were attacked.]]

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Dominican Republic: [A political showdown may be shaping up over the ruling triumvirate's right to replace the present party-based cabinet with one of its own choosing.]

[The triumvirate is allegedly planning to call for the resignation of the present cabinet, made up of representatives of six minority parties, in order to choose a more independent group. The junta and other politically influential Dominicans believe such a change is essential if the regime is to be freed from the partisan power struggles which have hampered its operations.]

[In a showdown, the triumvirate appears likely to have the support of the armed forces. Also, the National Civic Union, the only sizable party in the present coalition, favors a cabinet shake-up. Several of the smaller parties, which are loath to give up their recently acquired patronage, can be expected, however, to put up stiff resistance to any change.]

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Morocco: [Morocco is renewing pressure on Western governments to supply significant quantities of arms.]

[On 20 December King Hassan advised British, French, Spanish, and American diplomats that the USSR was willing to provide substantial quantities of armor and artillery. He stated that this was covered by a protocol signed some time ago, and claimed that his officers were pressing him to accept delivery.]

[Ever since the border clashes with Algeria in early October, Moroccan leaders have sought new Western arms commitments to offset the heavy equipment Egypt, Cuba, and the USSR have supplied to Algeria. Although shipment of Western light weapons and ammunition under earlier agreements has been speeded up, the Moroccans have expressed a desire to obtain aircraft, tanks, and artillery as well.]

[Hassan's uneasiness may have been deepened by Algeria's alleged refusal last week to receive a new Moroccan ambassador, contrary to a recent commitment. Meanwhile, little concrete progress has been made toward implementing the conciliation procedures agreed to at Bamako and later formalized at a special meeting of the Organization of African Unity at Addis Ababa in November.]

25X1

USSR--Resource Allocation: Data in the 1964-65 economic plan released on 17 December imply that Khrushchev's chemical program will have a limited but significant effect on some aspects of the military hardware program during the next two years.

If the plan is implemented as scheduled, the absolute amount of machinery available for the Soviet military establishment in each of the next two years will increase--as it has in each of the last five years--but the sizes of these increases reverse the trend in that they will be smaller than in the past several years.

In percentage terms the share of the total industrial pie going to the military is apparently scheduled to stabilize. In the last several years, the military has been allocated a bigger slice of a bigger pie of total machinery output each year. Moreover, unless current efforts to obtain greatly increased quantities of industrial imports for purposes such as the chemical program succeed, the military share of the total pie may fall slightly.

Even under this last condition, it seems likely that the programs for advanced weapons and space would continue to grow rapidly, presumably at the expense of the more conventional military programs.

Little if any direct transfer of industrial resources from support of the military to the chemical program would be needed--that is, industrial facilities now producing for the military would continue to do so.

24 Dec 63

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25X1

Next 1 Page(s) In Document Exempt

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- The Under Secretary of State for Political Affairs
- The Deputy Under Secretary of State for Political Affairs
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